

Attachment 02: Significant Changes

Significant Changes since FY 2004

1. The **DoD Agency Wide functions have transitioned** from DFAS Arlington to DFAS Indianapolis for 3rd quarter FY 2005 reporting. The Director of the DoD Agency Wide Audited Financial Statements Directorate is Donna Cox at (317) 510-3022. Current fax number is (317) 510-4388. Attachment 12B, DFAS-IN Agency Wide AFS Responsibilities, provides the directorate points of contact and their assigned component customer and footnote responsibilities.
2. Beginning in 3rd quarter **Suspended Revenues are due by the 6th calendar day**. Sellers recognizing suspended revenues must provide amounts to all affected partners by this date. This due date will be incorporated into the 2006 official calendar.
3. **Attachment 3, Certification Letter**, has been changed to annotate that the Client Executive will directly provide clients with this letter. Previous guidance stated that the DFAS Director had this responsibility. In addition, it is further clarified that this letter is to be addressed to the respective Military Service Comptroller or Director of the applicable Defense Agency. Former Attachment 4B has now been incorporated into Attachment 3. The Customer Confirmation Letter is at Attachment 4.
4. **Attachment 5A, DDRS-AFS Changes**, has outlined many new DDRS-AFS enhancements for 3rd quarter affecting statements, footnotes and reconciliations. Please review this attachment thoroughly. Users may now save their reconciliation explanations on-line in DDRS-AFS this quarter. Components will be required to upload their reconciliation explanation for any differences (in a PDF format) to the ePortal by July 12, 2005 for the required reconciliations and July 16 for the remaining reconciliations.
5. As discussed in guidance at 2nd quarter, **Attachment 5E, Entity Codes**, has been modified to include lines of accounting (LOA) for each entity code included in the attachment. An entity code with more than 2 LOA's is linked to an attachment that lists the applicable LOA's. That attachment is in turn linked back to the basic attachment (Attachment 5E). This updated document has been created to facilitate the identification of trading partners.
6. **Attachment 6A, Eliminations Process Table**, has been modified to address all elimination processes, vice only the intra-DoD and fiduciary processes as in earlier guidance.
7. **Attachment 6B, Elimination Adjusting Entries**, has been modified to reflect that responsible accountants are to provide differences to, and request determination from the responsible components as to appropriate adjusting entries to be made. It is stressed that the appropriate adjusting entries (or determination that a challenge should be made) is the responsibility of the components. Note that there is little turn-around time for these adjustments, and components are to respond immediately to provide guidance to accountants.

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8. **Attachment 6C, JV Categories**, has been modified to include clarification of the JV categories, examples, definitions of supported/unsupported and JV metric reporting requirements.
9. **Attachment 6D, Elimination Waiver**, memorandum is attached. Please note also that, while we recognize that guidance in the “DoDFMR” is currently somewhat conflicting, all entities waived from eliminations drive both buyer and seller sides. Therefore allocated amounts of undistributed disbursements and collections will not be assigned to waived entities. **Only valid, clearly identifiable undistributed disbursements and collections will be assigned to waived entities.**
10. **Attachment 13A, Report, Footnote or Reconciliation Mapping Changes**, includes changes made for the Accounting Report (AR) 1307 reconciliations for the Working Capital Fund entities; new account attributes for USSGL’s 5780 and 6730 to identify intra-entity trading partners transactions; and changes to various report/footnote lines. Due to changes made to footnote mapping, narrative explanations found in footnotes from 2nd quarter FY 2005 were not carried over to 3rd quarter FY 2005.
11. **Attachment 13B, Reconciliation Requirements for the Quarterly Financial Statements**, has been revised to reflect further changes made to each of the reconciliation reports involving the new format for the AR 1307 report. The reconciliation changes include a breakout of intragovernment and non-federal Accounts Receivable and Payable on the Statement of Financial Position.
12. **Attachment 14A, Prior Period Adjustments (PPA)**, summarizes information previously presented in Dr. Zakheim’s June, 2003 memorandum. **Attachment 14B provides a checklist** to ensure all requirements with regard to PPA's are met.
13. **Attachment 15, Allocation of Undistributed Disbursements and Collections**, has been modified to recognize that only clearly identifiable undistributed amounts will be assigned to the applicable waived entities.
14. Attachment 19B is now numbered **Attachment 19, PP&E Reporting Clarifications**. As discussed at 2nd quarter, this attachment includes guidance on the reporting of Medical Facilities and Equipment and Construction in Progress.
15. **Attachment 20, Capitalized Assets Purchased (USSGL 8802) and Statement of Financing Adjustments**, has been modified to include the requirement for the use of USSGL account 8802, which was previously included in Attachment 19A. There is no change to detailed guidance contained in the former Attachments 19A and 20.

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16. Effective immediately, all entities will include the following **required footnote disclosure in Note 1Y**:

1.Y. Undistributed Disbursements and Collections

Undistributed disbursements and collections represent the difference between disbursements and collections matched at the transaction level to a specific obligation, payable, or receivable in the activity field records as opposed to those reported by the U.S. Treasury. These amounts should agree with the undistributed amounts reported on the departmental accounting reports.

The Department of Defense policy is to allocate supported undistributed disbursements and collections between federal and nonfederal categories based on the percentage of Federal and nonfederal accounts payable and accounts receivable. Unsupported undistributed disbursements are recorded in accounts payable. Unsupported undistributed collections are recorded in other liabilities. The [Entity name] [follows/does not follow] this procedure.

17. **Note 3, line 2A, Fund Balance per Treasury**, should reflect the Treasury Trial Balance (TTB) 6654 grand total plus the TTB 6655 IAS 613 less any duplication within the TTB 6654 and 6655 fund symbols. All differences between the Fund Balance **With** Treasury and Fund Balance **Per** Treasury **must be disclosed in Note 3**.
18. **Standard narrative disclosure for Note 16, Commitments and Contingencies**, will be provided with 4th quarter guidance.
19. **Former Note 18, Unexpended Appropriations**, was eliminated at 2nd quarter and notes renumbered accordingly.
20. **Current Note 18, Disclosures Related to the Statement of Net Cost**, must include narrative discussion of fluctuations related to the Statement of Net Cost exceeding the 10% threshold.
21. Beginning in 2005, the **Statement of Budgetary Resources and the Report on Budget Execution (SF 133) were modified** to separately disclose spending authority from offsetting collections that were previously unavailable on line 3D, Previously Unavailable.
22. **The Budgetary Import Sheet has changed** to accommodate the new format of the AR 1307 discussed in 10 above.
23. An attribute has been added for use in recognizing **intra-entity imputed costs** in 3rd quarter FY 2005. Entities wishing to recognize these costs in 3rd quarter must use this attribute. Complete guidance on the reporting of intra-entity costs is currently being developed.